

**KENTUCKY PUBLIC SERVICE COMMISSION
KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2018-00358**

Comes Nick O. Rowe, President of Kentucky-American Water Company and chief officer in charge of Kentucky operations, and as required by 807 KAR 5:001, Section 17(3)(a), verifies that the enclosed notice of the filing of Kentucky-American Water Company's rate case, Case No. 2018-00358, was mailed to all customers on November 28, 2018, which was the date the Application was filed with the Commission.


Nick O. Rowe
Date 12/3/18

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 3 day of December, 2018.


Christina Jelapio Juan (SEAL)
Notary Public

My Commission Expires:

8/6/2022

NOTICE

Kentucky-American Water Company ("Kentucky American Water") expects to file on November 28, 2018 an application with the Kentucky Public Service Commission to increase the water service revenues by approximately 22.6%. The proposed annual revenue increases by customer classification are: Residential - \$10,908,442 (22.9%); Commercial - \$5,404,101 (25.0%); Industrial - \$579,966 (23.1%); Other Public Authority - \$1,420,526 (24.9%); Sales for Resale - \$367,222 (21.5%); Private Fire Service and Hydrants - \$346,415 (13.0%); Public Fire Hydrants - \$838,067 (23.2%). The proposed effective date of the rates is for service rendered on and after December 28, 2018. Kentucky American Water has requested the proposed rates be implemented to all customer classifications as shown below:

Proposed Rate Increase for all customers except Eastern Rockcastle

Monthly Service Charge by Meter Size

Residential					All Other Customer Classes				
<u>Meter Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Change</u>	<u>% Increase</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Change</u>	<u>% Increase</u>	
5/8"	\$12.49	\$15.00	\$ 2.51	20%	\$13.63	\$15.00	\$ 1.37	10%	
3/4"	18.74	22.40	3.66	20%	20.46	22.40	1.94	9%	
1"	31.23	37.30	6.07	19%	34.07	37.30	3.23	9%	
1 1/2"	62.45	74.70	12.25	20%	68.17	74.70	6.53	10%	
2"	99.92	119.50	19.58	20%	109.04	119.50	10.46	10%	
3"	187.35	224.00	36.65	20%	204.47	224.00	19.53	10%	
4"	312.25	373.40	61.15	20%	340.77	373.40	32.63	10%	
6"	624.50	746.70	122.20	20%	681.50	746.70	65.20	10%	
8"	999.20	1194.70	195.50	20%	1090.40	1194.70	104.30	10%	

Consumption Charges:

	<u>Current Rate</u>		<u>Proposed Rate</u>		<u>\$ Change</u>		<u>% Increase</u>
	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	
Residential	\$5.0590	\$0.5059	\$6.3640	\$0.6364	\$1.3050	\$0.1305	26%
Commercial	4.4120	0.4412	5.7120	0.5712	1.3000	0.1300	29%
Industrial	3.8340	0.3834	4.7500	0.4750	0.9160	0.0916	24%
Other Public Authority	4.0530	0.4053	5.1910	0.5191	1.1380	0.1138	28%
Sales for Resale	3.8370	0.3837	4.7600	0.4760	0.9230	0.0923	24%

Fire Protection:

<u>Private Fire Line Size</u>	<u>Current Monthly Rate</u>	<u>Proposed Monthly Rate</u>	<u>\$ Change</u>	<u>% Increase</u>
2"	\$ 8.11	\$ 9.16	\$ 1.05	13%
4"	32.67	36.92	4.25	13%
6"	73.49	83.04	9.55	13%
8"	130.64	147.62	16.98	13%
10"	204.18	230.72	26.54	13%
12"	294.43	332.71	38.28	13%
14"	423.96	479.07	55.11	13%
16"	522.81	590.78	67.97	13%
Private Fire Hydrant	70.90	80.12	9.22	13% Increase
Public Fire Hydrant	39.90	49.16	9.26	23% Increase

Eastern Rockcastle Customers

<u>Meter Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
5/8"	\$28.28 (includes 2000 gallons)	\$15.00 (includes 0 gallons)	\$(13.28)	-47% Decrease
3/4"	28.28 (includes 2000 gallons)	22.40 (includes 0 gallons)	\$(5.88)	-21% Decrease
1"	62.87 (includes 5000 gallons)	37.30 (includes 0 gallons)	\$(25.57)	-41% Decrease
1 1/2"		74.70 (includes 0 gallons)	New	
2"	178.17 (includes 15,000 gallons)	119.50 (includes 0 gallons)	\$(58.67)	-33% Decrease
3"		224.00 (includes 0 gallons)	New	
4"		373.40 (includes 0 gallons)	New	
6"		746.70 (includes 0 gallons)	New	
8"		1194.70 (includes 0 gallons)	New	

Eastern Rockcastle Customer Consumption Charges:

	<u>Current Rate</u>		<u>Proposed Customer Classes</u>	<u>Proposed Rate</u>		<u>\$ Change</u>		<u>% Change</u>
	<u>(All Classes)</u>			<u>Per 1000</u>	<u>Per 100</u>	<u>Per 1000</u>	<u>Per 100</u>	
	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>		<u>Gallons</u>	<u>Gallons</u>	<u>Gallons</u>	<u>Gallons</u>	
Usage with Meter	\$0.0	\$0.0	Residential	\$6.3640	\$0.6364	\$6.3640	\$0.6364	New
			Commercial	5.7120	0.5712	5.7120	0.5712	New
			Industrial	4.7500	0.4750	4.7500	0.4750	New
			Other Public Authority	5.1910	0.5191	5.1910	0.5191	New
			Sale for Resale	4.7600	0.4760	4.7600	0.4760	New
Usage above minimum	11.53	1.153	Residential	\$6.3640	\$0.6364	\$(5.166)	\$(0.5166)	-45% Decrease
			Commercial	5.7120	0.5712	(5.8180)	(0.5818)	-50% Decrease
			Industrial	4.7500	0.4750	(6.7800)	(0.6780)	-59% Decrease
			Other Public Authority	5.1910	0.5191	(6.3390)	(0.6339)	-55% Decrease
			Sale for Resale	4.7600	0.4760	(6.7700)	(0.6770)	-59% Decrease

Average Monthly Bills:

	<u>Monthly Usage</u>	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential (5/8" Meter)	3,869 gallons	\$32.06	\$39.62	\$7.56	24% Increase
Eastern Rockcastle Residential	2,654 gallons	35.82	31.89	(\$3.93)	-11% Decrease
Commercial (5/8" Meter)	34,257 gallons	164.77	210.67	\$45.90	28% Increase
Eastern Rockcastle Commercial	2,608 gallons	35.28	29.89	\$(5.39)	-15% Decrease
Industrial	971,266 gallons	3,832.87	4,733.01	\$900.14	23% Increase
Other Public Authority	120,541 gallons	597.59	745.23	\$147.64	25% Increase
Sales for Resale	1,804,415 gallons	7,605.04	9,335.72	\$1,730.68	23% Increase
Private Fire Hydrant	N/A	70.90	80.12	\$9.22	13% Increase
Public Fire Hydrant	N/A	39.90	49.16	\$9.26	23% Increase
Private Fire Line (6")	N/A	73.49	83.04	\$9.55	13% Increase

Tap Fees:

Meter Size

(applicable to all

customer classifications)

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
5/8"	\$1,280.00	\$1,223.00	\$(57.00)	-4% Decrease
1"	2,201.00	2,174.00	(27.00)	-1% Decrease
2"	4,238.00	4,002.00	(236.00)	-6% Decrease

Kentucky American Water has also proposed additions to its tariff to include a Qualified Infrastructure Program surcharge that would be applied to Residential, Commercial, Industrial, Other Public Authority, Sale for Resale, Public and Private Fire Service classifications for qualified infrastructure investments. This surcharge would be calculated annually based on forecasted qualified infrastructure costs, and applied to each customer's monthly bill. The surcharge would then be updated annually until the next rate case, at which time the investment costs would be incorporated into base rates and the surcharge reset at zero.

This application may be examined at the offices of Kentucky American Water located at 2300 Richmond Road in Lexington, Kentucky.

This application may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday through Friday from 8:00 am – 4:30 pm or on the Commission's website at <http://psc.ky.gov>.

Comments regarding this application may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at <http://psc.ky.gov>.

The rates contained in this notice are the rates proposed by Kentucky American Water but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, which establishes the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the application.